

HOUSE BILL NO. 633

INTRODUCED BY L. JENT

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING TEACHERS' RETIREMENT BENEFITS AND FUNDING; INCREASING THE GUARANTEED ANNUAL BENEFIT ADJUSTMENT FOR RETIREES COVERED UNDER THE TEACHERS' RETIREMENT SYSTEM; INCREASING THE EMPLOYER CONTRIBUTION RATE; CREATING A STATE TEACHERS' RETIREMENT FUND ASSISTANCE ACCOUNT; DEPOSITING STATE LOTTERY REVENUE INTO THE NEW ACCOUNT; MAKING PAYMENTS FROM THE ACCOUNT TO EMPLOYERS TO HELP FUND THE EMPLOYER CONTRIBUTIONS TO THE TEACHERS' RETIREMENT SYSTEM; PROVIDING A STATUTORY APPROPRIATION; AMENDING SECTIONS 17-7-502, 19-20-605, 19-20-719, AND 23-7-402, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Teachers' retirement fund assistance account -- statutory appropriation. (1) There is an account in the state special revenue fund to the credit of the office of public instruction to assist employers, who have employees covered under the state teachers' retirement system, to pay employer contributions to the retirement system. Money in the account consists of the net revenue from the lottery funds deposited in the account under 23-7-402(3).

(2) As soon as feasible after June 30 of each year, the teachers' retirement board shall certify to the office of public instruction the total payroll of all employees covered in the teachers' retirement system and the covered payroll of each employer.

(3) The office of public instruction shall:

(a) divide each employer's covered payroll by the total covered payroll of all employers statewide participating in the teachers' retirement system and multiply the result by the total amount of money available in the account established in subsection (1); and

(b) on January 1 of each year, pay to each employer with a covered payroll the prorated amount payable to that employer pursuant to the calculation under subsection (3)(a).

(4) Money paid to each employer pursuant to this section is statutorily appropriated, as provided in 17-7-502, and must be deposited in an account used to help pay the employer's contribution to the teachers'

1 retirement system under 19-20-605.

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3 **Section 2.** Section 17-7-502, MCA, is amended to read:

4 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory
5 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without
6 the need for a biennial legislative appropriation or budget amendment.

7 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both
8 of the following provisions:

9 (a) The law containing the statutory authority must be listed in subsection (3).

10 (b) The law or portion of the law making a statutory appropriation must specifically state that a statutory
11 appropriation is made as provided in this section.

12 (3) The following laws are the only laws containing statutory appropriations: 2-15-151; 2-17-105;
13 5-13-403; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-1-113; 15-1-121; 15-23-706;
14 15-35-108; 15-36-332; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 16-11-404; 17-3-106; 17-3-212; 17-3-222;
15 17-3-241; 17-6-101; 17-7-304; 18-11-112; 19-3-319; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305;
16 19-19-506; 19-20-604; [section 1]; 20-8-107; 20-9-534; 20-9-622; 20-26-1503; 22-3-1004; 23-5-306; 23-5-409;
17 23-5-612; 23-5-631; 23-7-301; 23-7-402; 37-43-204; 37-51-501; 39-71-503; 42-2-105; 44-12-206; 44-13-102;
18 50-4-623; 53-1-109; 53-6-703; 53-24-108; 53-24-206; 61-3-415; 69-3-870; 75-1-1101; 75-5-1108; 75-6-214;
19 75-11-313; 77-2-362; 80-2-222; 80-4-416; 80-5-510; 80-11-518; 82-11-161; 87-1-513; 90-3-1003; 90-6-710; and
20 90-9-306.

21 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
22 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
23 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana
24 to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state
25 treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory
26 appropriation authority for the payments. (In subsection (3): pursuant to Ch. 422, L. 1997, the inclusion of
27 15-1-111 terminates on July 1, 2008, which is the date that section is repealed; pursuant to sec. 10, Ch. 360,
28 L. 1999, the inclusion of 19-20-604 terminates when the amortization period for the teachers' retirement system's
29 unfunded liability is 10 years or less; pursuant to sec. 4, Ch. 497, L. 1999, the inclusion of 15-38-202 terminates
30 July 1, 2014; pursuant to sec. 10(2), Ch. 10, Sp. L. May 2000, and secs. 2 and 5, Ch. 481, L. 2003, the inclusion

of 90-6-710 terminates June 30, 2005; pursuant to sec. 10(2), Ch. 10, Sp. L. May 2000, and secs. 3 and 6, Ch. 481, L. 2003, the inclusion of 15-35-108 terminates June 30, 2010; and pursuant to sec. 135, Ch. 114, L. 2003, the inclusion of 2-15-151 terminates June 30, 2005.)"

Section 3. Section 19-20-605, MCA, is amended to read:

"19-20-605. Pension accumulation fund -- employer's contribution. The pension accumulation fund is the fund in which the reserves for payment of retirement allowances and benefits must be accumulated and from which retirement allowances and benefits must be paid to retirees or their beneficiaries. Contributions to and payments from the pension accumulation fund must be made as follows:

(1) Each employer shall pay into the pension accumulation fund an amount equal to ~~7.47%~~ 9.4% of the earned compensation of each member employed during the whole or part of the preceding payroll period.

(2) If the employer is a district or community college district, the trustees shall budget and pay for the employer's contribution under the provisions of 20-9-501.

(3) If the employer is the superintendent of public instruction, a public institution of the state of Montana, a unit of the Montana university system, or the Montana state school for the deaf and blind, the legislature shall appropriate to the employer an adequate amount to allow the payment of the employer's contribution.

(4) If the employer is a county, the county commissioners shall budget and pay for the employer's contribution in the manner provided by law for the adoption of a county budget and for payments under the budget.

(5) All interest and other earnings realized on the money of the retirement system must be credited to the pension accumulation fund, and the amount required to allow regular interest on the annuity savings fund must be transferred to that fund from the pension accumulation fund.

(6) The retirement board may transfer from the pension accumulation fund to the expense fund an amount necessary to cover expenses of administration."

Section 4. Section 19-20-719, MCA, is amended to read:

"19-20-719. Guaranteed annual benefit adjustment -- rulemaking. (1) Subject to subsection (3), on January 1 of each year, the retirement allowance payable to each recipient who is eligible under subsection (2) must be increased by ~~1.5%~~ 2%.

(2) A benefit recipient is eligible for and must receive the minimum annual benefit adjustment provided

for in this section if the retiree has received at least 36 monthly retirement benefit payments prior to January 1 of the year in which the adjustment is to be made.

(3) On ~~January 1, 2002, and~~ January 1 of each year following the system's biennial valuation, the board may increase the annual benefit adjustment provided in subsection (1) until a maximum of 3% is guaranteed if:

(a) the period required to amortize the system's actuarial unfunded liability, as determined by the most recent biennial valuation, adjusted for any benefit enhancement enacted by the legislature since the most recent biennial valuation, is less than 25 years;

(b) sufficient funds are available to increase the guaranteed annual benefit adjustment by at least 0.1%; and

(c) the increase granted by the board would not cause the amortization period, as of the most recent valuation, to exceed 25 years.

(4) The board shall adopt rules to administer the provisions of this section."

Section 5. Section 23-7-402, MCA, is amended to read:

"23-7-402. Disposition of revenue. (1) A minimum of 45% of the money paid for tickets or chances must be paid out as prize money. The prize money is statutorily appropriated, as provided in 17-7-502, to the lottery.

(2) Commissions paid to lottery ticket or chance sales agents are not a state lottery operating expense.

(3) That part of all gross revenue not used for the payment of prizes, commissions, and operating expenses, together with the interest earned on the gross revenue while the gross revenue is in the enterprise fund, is net revenue. Net revenue must be transferred quarterly from the enterprise fund established by 23-7-401 to the ~~state general fund~~ teachers' retirement fund assistance account established in [section 1].

(4) The spending authority of the lottery may be increased in accordance with this section upon review and approval of a revised operation plan by the office of budget and program planning."

NEW SECTION. Section 6. Codification instruction. [Section 1] is intended to be codified as an integral part of Title 20, and the provisions of Title 20 apply to [section 1].

NEW SECTION. Section 7. Effective date. [This act] is effective July 1, 2005.

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